

UNITED STATES DEPARTMENT OF AGRICULTURE

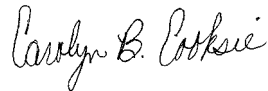
Farm Service Agency
Washington, DC 20250

Notice FLP-237

For: State and County Offices

Emergency Loan (EM) Application Processing

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

On January 8, 2002, the Final Rule streamlining the EM regulations was published in the Federal Register (67 FR, pages 791-801). The Final Rule:

- moves the EM regulations to 7 CFR Part 764 and removes 7 CFR Part 1945, subpart D
- impacts the manner in which EM loan applications are processed.

Notes: The Final Rule becomes effective February 7, 2002. A copy of the Final Rule may be obtained from the Government Printing Office website at http://www.access.gpo.gov/su_docs/fedreg/frcont02.html.

3-FLP, implementing the Final Rule, will be available in the near future.

County Offices must continue to process EM loan applications currently on hand according to the processing timeframes established in FmHA Instruction 1910-A, unless otherwise agreed upon by the applicant and FSA.

B

Purpose

This notice provides guidance on:

- handling EM loan applications currently on hand
- EM loan applications received between January 8 and February 7, 2002.

Continued on the next page

Disposal Date

March 1, 2002

Distribution

State Offices; State Offices relay to County Offices

Notice FLP-237

1 Overview (Continued)

C

Contact

State Offices may direct questions to Chuck Ropp or Mike Hinton, LMD, Direct Loans/Funds Management Branch, at 202-720-1638.

2 Action

A

Processing EM Loan Applications

County Offices must process EM loan applications in the following manner.

| IF an application... | THEN County Offices must... |
|--|---|
| has been processed and approved before the date of this notice, but not closed | close the application under FmHA Instruction 1945-D. |
| was received on or before February 6, 2002, and is not approved | <p>continue to process the application in a timely manner, unless the applicant requests in writing that their application be held as incomplete until 7 CFR Part 764 and 3-FLP are in effect.</p> <p>Note: Applications processed under FmHA Instruction 1945-D must be approved on or before February 6, 2002. All applications on hand and not approved after that date must meet the requirements of 7 CFR Part 764 and 3-FLP.</p> |
| is received on or after February 7, 2002, | process the application according to 7 CFR Part 764 and 3-FLP. |

Continued on the next page

2 Action (Continued)

B

Major Changes to EM Regulation

Loan approval officials must review the Final Rule to become familiar with the following major changes to the EM regulations before discussing continued EM loan processing with the applicant.

- An applicant may borrow up to 100 percent of the production loss, if needed, rather than 80 percent.
 - Security requirements have changed.
 - Authorized use of funds has changed, imposing greater restrictions on refinancing debts.
 - The method for calculating production losses has changed, requiring applicants to use their actual producer history rather than their own records as first priority.
 - The method for calculating pasture losses has changed; therefore, more applicants may be eligible for EM funds.
 - Livestock and livestock products are now considered physical losses rather than production losses, thereby making applicants eligible for assistance who otherwise may not have been eligible.
 - Appraisal requirements have changed.
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